



COMMISSION NEWS

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TO: EDITORS, NEWS DIRECTORS
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PEORIA MAN ARRESTED FOR SECOND TIME IN GOLD MINE SCAM

James Albert Ashpole, 53, of Peoria, was arrested last week as he left a Valley restaurant with a check in hand from his latest victim in a gold mining stock scam. Ashpole is under state indictment for allegedly defrauding several investors of at least \$150,000 in an earlier scam. After the Attorney General filed a criminal complaint listing seven new charges of fraud schemes, attempted fraud schemes, sale of unregistered securities and illegally conducting an enterprise, Ashpole was ordered held without bond, pending a preliminary hearing on the latest charges set for Tuesday, October 6, in Maricopa County Superior Court.

Ashpole's earlier indictment included 35 counts of fraud schemes, theft, sale of unregistered securities and illegally conducting an enterprise. That indictment was handed down by a state grand jury in February of this year and is in a pre-trial stage. The new charges will presumably be merged with the earlier ones against Mr. Ashpole as they involve the same activity with new victims while Ashpole was out on bond.

According to the Securities Division of the Arizona Corporation Commission, which conducted the investigation leading to both sets of the criminal charges, Ashpole sold investors stock in his company, Black Diamond Mining Corporation, claiming that the company owned

\$250,000,000 in proven gold reserves on a property south of Humboldt, Arizona. The Commission issued a civil Order to Cease and Desist against Ashpole after a five day hearing in December, 1997, finding that Ashpole had defrauded at least 30 investors, mostly from Arizona. Ashpole had promised the investors that their stock would be publicly listed on NASDAQ within a few weeks. The state presented evidence that no efforts had been taken to start the listing process, and that the company would not have qualified for listing in any event. The state proved, among other things, that Ashpole had used the investor's money for his own personal expenses and to operate a boiler room in north Phoenix that sold the stock. In addition, Ashpole provided false assays and other financial information, as well as false claims of ongoing contracts with Phelps Dodge Corporation. Ashpole was fined \$50,000 in the Commission matter, and the Securities Division then referred the matter for prosecution. Ashpole is not new to the criminal justice system, having a past record of federal felonies in financial crimes in Utah -- information that also was not disclosed to investors.

Commissioner Carl Kunasek said, "This is one of the worst cases of fraud that I have seen. While free on bond, this man continued to commit the same crimes that got him indicted in the first place. Once again, this matter underscores the importance of investor vigilance. Unless you are a highly sophisticated investor you should avoid investment opportunities that are outside the mainstream. Remember, if it sounds too good to be true, it probably is."

Securities Division director Mike Burton said, "This behavior is in the midst of an ongoing criminal case and will not be tolerated. The Securities Division will assist the Attorney General in seeing that Mr. Ashpole is penalized to the fullest extent of the law."

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